

Blue Ribbon Commission on Transportation Administration Committee

Final Meeting Summary *Approved January 12, 2000*

December 10, 1999

Present: Doug Hurley, Chair, Peter Bennett, Vice Chair, Representative Ruth Fisher, Tomio Moriguchi, Connie Niva, Senator Dino Rossi, Randy Scott, Ken Smith, Judie Stanton

Absent: Greg Devereux, Bob Dilger

Others in Attendance: Al Hampton (Northeast Tacoma Community Council), Charlie Howard (Washington State Department of Transportation), Chris Mudgett (County Road Administration Board), Bruce Nurse (Kemper Development Company), Jim Schroeder (Carter & Burgess), Charlie Shell (City of Seattle), Jim Seitz (Association of Washington Cities), Michael Shaw, Chris Rose (Washington State Transportation Commission), Steve Viney (City of Seattle), Gretchen White (Washington State Department of Transportation), Brian Zylstra (Senate Republican Caucus)

The Chair called the meeting to order at 9:15 a.m. The Committee approved the summary of the November 19th meeting as drafted.

The Chair introduced Anne Fennessy, consultant to the Commission, who provided a PowerPoint presentation to be used by Commission members in doing public outreach concerning the work and the findings of the Commission. The presentation can be tailored for particular audiences and parts of the state.

Administration Costs and Construction Costs

The December 10 Committee meeting focused on administration costs and construction costs for state highways, county roads, and city streets. Gene Schlatter and Tom Jensen presented data from a 1998 project commissioned by the Washington Transportation Alliance in conjunction with the Washington Roundtable. Along with Greg Pierce, Schlatter and Jensen created a database on expenditures and revenues for state, counties, and cities (primarily focusing on the roads side for WSDOT). The project objective was to provide a comparative analysis to better understand investment strategies taken over the last 10 years between and among jurisdictions.

Schlatter stressed that common definitions for what should be included in costs were difficult to

determine. For example, at the state level WSDOT distinguishes between preservation activities and capital improvement activities; at the local level, these are not usually distinguished. Administration costs are especially hard to compare, and particularly in the case of cities the reliability of the data was not certain. The County Road Administration Board (CRAB) provides assistance and helps ensure consistent reporting among counties. There is no comparable function to assure consistency for cities.

Of \$25 billion invested statewide over the last 10 years, \$16 billion has gone to roads. Of that \$16 billion, once maintenance and administrative activities are factored out, construction accounts for 56 percent. Administrative costs range from 5 percent for WSDOT, to 15 percent for counties, and an average of 10 percent for cities. The Schlatter/Jensen/Pierce report found little correlation between administrative expenditures and investment strategies in construction programs, for reasons they were unable to determine. Law enforcement was not included in administrative expenses. Gene Schlatter distributed materials with comparisons among various counties and cities and concluded by again pointing out the need for common definitions, especially in administration.

Chris Mudgett of CRAB illustrated some of the difficulties with interpreting the data relied on in the Schlatter report. She described the LEAP Commission, which aims to better collect and compare data to aid policy makers in decisionmaking about expenditures. The LEAP Commission has undertaken two pilots, one in transportation, on which Chris Mudgett sits, and one in criminal justice. The LEAP implementation should be completed by 2001. The state auditor would be able to implement changes without legislative action.

Stan Finkelstein of the Association of Washington Cities echoed earlier presenters in saying that with 279 cities and towns, 200 of them with populations less than 5,000 people, the quality of reporting varies substantially. For administrative convenience, many jurisdictions put many categories of expenses into "administration." For some cities, such as Seattle, spikes in the data can be traced to egregious double-counting in particular years.

There was some discussion of the danger of putting ceilings on administration costs that might result in creative accounting. Committee members agreed that if you cannot measure something, you cannot improve it. But the public perception of inefficient use of expenditures will not be altered by changing cost allocations. If jurisdictions are reducing costs and making changes, particularly in light of the passage of Initiative 695, that message needs to get out. The Chair asked for data to show what reductions jurisdictions have undertaken.

The Committee members discussed the value of comparing cities and counties and WSDOT, as opposed to comparing against themselves. Benchmarking against other states was also discussed. The Chair noted that Steve Excell, who was scheduled for the December meeting but was unable to attend due to sickness, will come to the January 12 Administration Committee meeting and talk about administration and other costs compared with the other 50 states. He will present Federal Highway Administration data and discuss a transportation report recently prepared for the

Washington Roundtable.

The meeting then turned to a discussion of construction costs. Bill Eager of TDA presented cost figures from the Federal Highway Administration and WSDOT's Office of Urban Mobility that suggest Puget Sound highway construction costs are two and a half times the 50-state average. Charlie Howard of WSDOT responded that the more objective way to view costs is to look at "fully loaded" costs. For example, two new lanes in each direction on Interstate 405 would have enormous acquisition and right-of-way costs because this is not open land but dense urban space with businesses and houses. The Chair suggested that Eager and Howard work out differences in how the construction costs are measured and represented, so that equivalent information can be expressed.

Next Meeting

The next Committee meeting is scheduled for **Wednesday, January 12, 2000, 9:00 a.m. to 12:00 p.m.**, at Cavanaugh's at Capitol Lake in Olympia.

The meeting was adjourned at 12:05 p.m.